

**AB 1542, CHAPTER 270
STATUTES OF 1997
WELFARE TO WORK ACT OF 1997**

Attachment

**CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)
LEGISLATIVE CHANGES**

TOPIC:

County share of Statewide Automated Welfare System (SAWS) Project costs, AB 67, Trailer Bill the 1997 Budget Act, specifies state and county funding responsibilities for SAWS. AB 1542 SEC. 163 repealed Section 15204.2 of the Welfare and Institutions Code. This section contained the county sharing ratios for the administration of the Aid to Families with Dependent Children (AFDC) and Foster Care (FC) Programs. Sec. 166 of AB 1542 added Section 15204.4 which requires a county Maintenance of Effort (MOE) expenditure at the FY 1996/97 level.

PROBLEM:

During Fiscal Year (FY 1995/96) CDSS, HWDC, the Department of Finance and the Legislature agreed to a funding strategy for SAWS Project costs. These agreements were included in the 1996 Budget Act, the 1997 Budget Act and AB 67. Many of the sections in AB 67 specify a required county share of costs in the requirement for county financial participation. AB 1542, by repealing the county sharing ratios for the AFDC and FC programs, has essentially nullified the SAWS M&O funding provisions in AB 67 for these programs. AB 67 however, mandates counties not participating in Interim Statewide Automated Welfare System or LEADER to collectively pay 5% of the total application development cost. This provision remains in effect. Since AB 67 did not specify the basis for determining the county share and previous statutes for determining county share have been repealed, there is no basis in current statute for computing the county share of SAWS M&O costs related to AFDC and FC. Furthermore, the traditional county share costs for AFDC and FC have been replaced with an MOE based on FY 1996/97 actual expenditures. A county MOE for SAWS M&O costs will under or overstate the county financial participation for automation costs, thereby increasing or decreasing General Fund participation for an individual county depending on where the county falls with the implementation of SAWS. Inclusion of SAWS costs in the MOE is also inconsistent with the previous CDSS agreement to provide a separate allocation for SAWS costs which would allow for county financial participation as intended by AB 67.

PROPOSED SOLUTION:

Restore the sharing ratio for SAWS costs

PROS:

- Consistent with Legislative intent of AB 67
- Reduces General Fund costs
- More equitable for all counties by placing them on equal ground for their share of system costs
- Treats AFDC and FC SAWS costs the same

CONS:

- County Fund increase
- Would reopen the MOE issue creating a potential for counties of the Legislature to revisit other funding issues within the statute
- Current counties with legacy systems could raise the issue of equity since the current EDP costs are already within the current MOE base for 1996/97